

Kristian Lindholm

# The implications of culture in business and the Cultural dimensions of Finland and India

A study of cultural Dimensions

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<p>The purpose of the thesis is to examine the implications of culture in business. The thesis makes use of the most popular theoretical frameworks in the field, namely the cultural dimensions where data has been chiefly collected through the efforts of Geert Hofstede and Fons Trompenaars.</p> <p>In theory, the application of cultural knowledge as professed through the cultural dimensions into managerial practices can be applied. The validity of these theories has proven impossible to quantify and thus definitive recommendations cannot be given, however evidence suggests that there is a correlation between national culture and internal work culture and thus certain assumptions to managerial practices can be made.</p> <p>The thesis looks into the specific cultural dimensions of Finland and India, as a practical application of the theory. These countries were chosen in large part for their proven potential for business and vast differences in cultures. The theoretical framework finds that Finland and India are on opposite sides of the cultural dimensions spectrum and couldn't be further apart. It was concluded that to solve dilemmas that exist between cultures in the workplace, managers must approach the problem with awareness of both cultures and to adjust in accordance to that knowledge. It is also apparent that ignoring the cultural implications on an international business can have dire consequences. It is important for businesses to increase their cultural knowledge where applicable to minimize conflicts within their inter-cultural workforce and create synergy.</p>	
Keywords	Culture, Globalisation, Cultural dimensions

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## Abbreviations

PDI - Power distance index

UCA - Uncertainty avoidance index

IDV- Individualism vs. Collectivism index

MAS - Masculinity vs. Femininity index

LTO - Long-term vs. Short-term orientation index

## 2 Introduction

Through recent decades we have witnessed the effects and exponential growth of globalization across the world. This growth will undoubtedly continue due in large part to the continuous growth of the human population. The nature of globalization is that it will happen without us even consciously attributing to it. With the existence of the internet and the relaxation of trade barriers, globalization has increased dramatically. The World Trade Organization defines globalization as “the increased interconnectedness and interdependence of peoples and countries.”<sup>1</sup>

There are two interconnected elements driving globalization, which are; the relaxation of borders allowing trade of goods, services, the flow of people and finances. The second factor is the facilitation of these factors by governments in order to promote globalization.

Globalization is a key theme to this paper and is the foundation of why this topic is necessary. The topic of this thesis is focused on culture in business. The motivation for this topic stems from my experiences of culture and through my work placement at an Indian company. During this time I dealt primarily with Finnish clients and thus I base my paper around these two countries. During my work placement I observed several instances in which prior cultural knowledge would have aided not only myself significantly but would directly have resulted in increased business for my employer. I was interested at the amount of apprehension some companies portrayed when approached by an Indian company which is why I realized a general guide would prove useful. The guide will also have the added benefit of familiarizing the reader to cultural preferences, potentially raising greater awareness of what products and services would be appropriate or even successful in that area.

The thesis will draw on empirical evidence gathered by the most prominent and knowledgeable figures in this field. The work of Fons Trompenaars, Charles-Hampden Turner and Geert Hofstede are the major influences to this paper and their research will be discussed and applied in following sections in order to draw conclusions to the question at hand.

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<sup>1</sup> <http://www.who.int/trade/glossary/story043/en/index.html>).

A summary will be provided at the end of the thesis that will attempt to make sense of the observations made.

### **3 Research problem:**

It is a common understanding that the most valuable assets to a company are its people. Therefore it is advisable to utilize whatever training or other action to improve on their capabilities. This is especially true when venturing into new territories and the integration of a new culture into the workforce. Companies that embrace diversity often create a strategic business advantage by understanding business and marketing opportunities that come through diversity. Having a diverse workforce provides a company with a better understanding of their customer requirements, which are ever-changing due to age, ethnicity, beliefs etc.<sup>2</sup>

In order to keep this paper within an appropriate scope, we will focus on outlining instructions for the hypothetical international manager that will have interactions with the Indian culture in order to focus on the cultural gap that exists. This paper will investigate the implications of cultural between India and Finland. The paper will analyze not only the obvious business related aspects but will also venture into the holistic connection of Indo-Finnish culture and business. Ultimately the paper will conclude on an outline which any business can follow as a “non-exhaustive” guide to a successful business in India.

There are two research problems, which this thesis will attempt to answer:

1. Identifying the relative cultural similarities and differences between India and Finland through collected data and determining whether a national culture has an effect on internal work culture.
2. Applying the data collected to relevant theories in order to formulate appropriate management recommendations that minimize conflict and attempt to establish a synergy rather than discord within the inter-cultural workplace.

There are certain objectives that must be achieved for this thesis to have any grounds. It must be determined to a reasonable extent whether national culture has an effect on

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<sup>2</sup> (<http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00591.html>)

internal work culture. If this is true or if there is enough evidence to suggest its validity then any assumptions we make on management practices can be justified.

One of the reasons for venturing into this topic comes from a personal experience of both countries in an associated business setting through my work placement. It was apparent to me that there were very obvious barriers from the very start of my internship and it is through this that I believe there to be a justifiable need to outline clearly and effectively an educated business guide to doing business in India for a Finnish company. This is not the only motivation as there is also an evident opportunity to expand on Indian and Finnish relations. India is currently the 4<sup>th</sup> largest economy in the world and a current population of 1.2 billion<sup>3</sup>. (2013) this presents an opportunity on an economical point of view, however this is not the focus of this thesis.

The thesis will attempt to avoid cultural mannerisms as much as possible because of their nature of being overly specific and subtle considerations that may change over regions and the scope of the thesis will concentrate on a management perspective. It is important to note that the thesis will provide a 'starting point' for managers in their considerations for a management approach. It will form the initial understanding of the culture they are venturing into and will provide the information needed to approach their own management in accordance to their needs. Due to the nature of culture, we cannot give a definitive guide as in a "one size fits all" approach. It will attempt to provide educated recommendations based on theoretical frameworks and data collected.

## **4 Literature Review**

The paradigm of culture in business has come increasingly into the spotlight with the dramatic growth of globalization, and to explore this subject we must make use of the most comprehensive data available. One of the leading figures in intercultural research is a man who is considered a pioneer in the field and it is through the work of Geert Hofstede that we base much of our assumptions on culture. He conducted research in questionnaire form (see appendix 1) of how culture influences workplace values during his employment at IBM between 1963-67 which included 50 countries and 3 regions upon completion of which now has been extended to 76 countries of present.<sup>4</sup> During

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<sup>3</sup> <http://www.worldbank.org/en/country/india/overview>

<sup>4</sup> <http://geert-hofstede.com/research.html>



his work he interacted with many different cultures and through initial observations, found that there were significant differences in organisations in different cultures. It is through this research that he developed his theory of cultural dimensions and is through these dimensions that many other researchers of intercultural relations base their work on. Up to date data has been made available through Hofstede's associated websites, which this thesis will make great use of. The thesis will also make use of the notable literature on the subject by Hofstede such as *Cultures and Organizations, Software of the mind*.

The cultural dimensions of Hofstede must credit the fifth and final dimension of 'Long-Term Orientation' to the work and research of Michael Bond having applied the data to 23 countries. This was then extended by the work of Michael Minkov to 93 countries. The significance of the dimensions will be discussed throughout the thesis.

Other prominent researchers on the field include Fons Trompenaars and Charles Hampden-Turner. They are known for their research into the model of national cultural differences. Their work is based on the five relational orientations coined by Talcott Parsons, an American sociologist. Their research is supplement to that of Hofstede's and will be used to strengthen the claims made. One of the pioneering books in the field "Riding the waves of Culture" presents us with alternative theories to complement our findings. A similar strategy of data collection was carried out through the authors' efforts in which a questionnaire was sent to more than 46,000 managers across 40 countries over a period of 10 years to examine the effects of culture on business. Trompenaars One aspect that distinguishes Trompenaars and Hampden-Turner's work is their proposed model of reconciliation to tackle cultural dilemmas. His view in accordance to his dimensions is that each culture has its own way for solving problems to universal problems. (Broawaes & Price 2012: This will be looked at in further sections to formulate our recommendations. It must be stated that there are some factual criticisms of the cultural dimensions theory as their definitions are quite broad which can be misconstrued as generalisations. (Jackson 2012:22) We will take this into consideration when analysing our findings.

As stated before, many of our assumptions will be based on the dimensional models proposed, so to gain a different perspective we will look at literature such as "Doing business in India" by Rajesh Kumar and Anand Kumar Sethi, to gain the Indian perspective on the subject which will once again be supplemented through relevant web

sources and articles.

Once we have defined and analysed much of the cultural theory it is important to identify practical applications of the theory and how it is relevant to an international manager. Much of this research is based on examples drawn from literature based on international management, notably work from Fred Luthans and Jonathan P.Doh., Marie-Joelle Broaways & Roger Price.

#### 4.1 Methodology

The subject of culture has been widely researched in the forms of qualitative and quantitative data and this thesis will purely focus on the pre-existing data on the subject. The theoretical nature of this paper requires deep analysis of the theory and clearly defined explanations of that theory in order to provide the reader with enough insight into the cultural problem. The reason for focusing primarily on secondary research is because of the difficulty in quantifying culture and the need for data collection on a large scale to be able to determine any correlation between national culture and management practices. An individual case study would only provide just one or a very limited perspective on the matter, which is not what this thesis is trying to portray. It is attempting to find a general trend in 'if' and 'how' culture has an effect on best practices. This is only possible through extensive data collection.

### 5 What is culture?

Fons Trompenaars argued that you can never understand someone else's culture completely leading to the argument that if something works in one culture; it would most likely not work in another. (Trompenaars & Hampden Turner 2006:1) This statement is important, as the paper will attempt to reflect on the extreme differences of Finnish and Indian cultures and the perplexities of managing a business within the two. So what is Culture?

The dictionary definition of culture is; "The totality of socially transmitted behaviour patterns, arts, beliefs, institutions, and all other products of human work and thought."<sup>5</sup> (

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<sup>5</sup> <http://www.thefreedictionary.com/culture>)

There are many definitions of culture, and it is a subject matter which can be interpreted in different ways as culture is often 'invisible'. The dictionary definition encompasses the elements of culture but to be able to determine what culture is in a business context, it is important to identify how it plays a role. There are examples of products that seem universal across cultures such as McDonalds and Coca-Cola where the same product or slight variations of the product succeed internationally. (Luthans & Doh 2012:142) However in the context of culture, these products have different meanings to different cultures under the surface. It is what a product or brand means to the people in a certain culture that is important to understand. The perception of McDonalds for instance varies across cultures where in the western hemisphere it is considered a cheap fast food, whereas other places such as in Moscow can be considered a show of status. (Trompenaars & Hampden Turner 2006:3) This argues that products and services are never one in the same, largely affected by culture, so does this implication also transcend into the culture of your workforce. A standardised approach to management does not always do well across borders and it is the cultural implications that have an effect on how people are managed. The purpose of highlighting the aspect of how a culture perceives a product is to show a correlation of culture in business practices. It is necessary to understand a culture before being able to determine whether that product or service will be successful in that specific culture or region.

Fons Trompenaar argues that the future in Human Resource Management lies in the ability to keep and maintain managers that are able to adapt cross-culturally. It would be paramount that managers have the skills to identify a cultural problem that can frequently be overlooked. (Trompenaars & Hampden Turner 2006:189)

### 5.1 What is Management, and why does culture affect it?

Human resource management practices encompass job design, supervisory practices and reward allocation as stated in international human resource management (Jackson 2002:33).

In today's global environment, companies are becoming more and more diverse and as a result of this, cultural interactions become an unavoidable aspect in business. The focus of this thesis is on culture in business, but to what extent does culture have an effect and does it play a significant role in management practices of one's company.

This paper will maintain a perspective of a hypothetical Finnish manager in no specific situation, rather a variety of situations in which culture comes into play. Regardless of this the theory covered in following sections will be applicable to a number of cultures and situations by providing background information on the subject of culture. Cultural knowledge will help the international professional across a number of functions such as cross-border mergers and acquisitions, leveraging joint ventures and negotiations. Cross-border mergers and acquisitions are relevant as having prior knowledge to cultural barriers and communication bridges will greatly aid in the entire process. It is also possible to ease the dissimilarities and conflicts within a joint-venture or a negotiation through cultural knowledge.<sup>6</sup>

(These are all very valid yet non-exhaustive applications to the culture-oriented manager and the reader should bear these in mind in order to make sense of the recommendations provided later in the thesis.

In factual terms, the implications of culture on an international company can prove costly. A company embarking on foreign expansion should be aware that the estimated cost of a single expatriate to a foreign country can cost the company upwards of \$ 250.000 US. For companies originating in the United States it is estimated that over 40% of all expatriate contracts fail, costing their employer upwards of three annual salaries of that employee.<sup>7</sup> These are just the financial implications involving expatriates, thus in this context it is fair to assume that a company would wish to minimize the risks associated with expatriate failure.

We will delve into the most popular and researched theoretical frameworks involving culture and business, seeking the correlation of the effects of national culture on cross-cultural communication and interaction in the business place.

It is important to question the validity of these theories and if they are applicable and reliable indicators of culture affecting management. Hofstede's research has been replicated through hundreds of qualitative and quantitative sources by independent researchers and his findings do correlate to a great degree with these external comparisons.<sup>8</sup> Similar findings have been found through Fons Trompenaars work and the na-

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<sup>6</sup> <http://www.itapintl.com/facultyandresources/articlelibrarymain/hofstedes-consequences-the-impact-of-his-work-on-consulting-and-business-practices.html>)

<sup>7</sup> <http://www.expatsprep.com/library/the-hidden-costs-of-globalisation/>)

<sup>8</sup> <http://geert-hofstede.international-business-center.com/Sondergaard.shtml>)

ture of which the data has been collected; mainly through questionnaires, which is the same approach as Hofstede. There are several criticisms of the data collection method that the reader must bear in mind. Surveys can be considered an ineffective instrument to analyze culture as they provide a quantitative unit and in this case, the theoretical framework of dimensions proposed are limited in their ability to encompass the complexity of culture.<sup>9</sup> With these considerations in mind, we can proceed to draw our own conclusions in the following sections.

## 6 Theory

### 6.1 Hofstede's Dimensions

To gain insight into the effects of culture on business we first look to one of the most notable figures in the field, Geert Hofstede. According to Hofstede, there are 5 dimensions of national culture to consider which can be applied to the international organization. It must be highlighted that these dimensions are a comparative set of data from different countries and indicates observations of nations compared to other nations. (Culture and Organizations) In the following section we will define the dimensions before applying them to India and Finland to determine an appropriate business guide. The five dimensions are Power Distance (PDI), Individualism vs. Collectivism (IDV), Masculinity vs. Femininity (MAS), Uncertainty Avoidance (UAI), Long-term vs. Short-term orientation and Indulgence vs. restraint.)

#### Power Distance Index

The power distance dimension determines how a culture accepts the existence of inequality among its society. A country with a high degree of power distance largely accepts the places of people in society and often exerts an accepted hierarchical structure. Inequality is not questioned in the same way as a country with low power distance. In these societies people will make great effort in gaining equality for all and any equality that exists will surely be questioned. (Luthans & P.Doh 2012:116-117)

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<sup>9</sup> (<http://geert-hofstede.international-business-center.com/Sondergaard.shtml>)

### **Individualism vs. Collectivism index (IDV),**

The IDV dimension determines the extent of an individual's obligation and ties to society. Collectivist societies are those where individuals are oriented towards the group or community, whereas cultures that are individualistic maintain the ideology that the individual is the master of his own destiny and obligations are primarily to themselves. (Luthans & P.Doh 2012:116-117)

### **Masculinity vs. Femininity (MAS)**

The dimension of masculinity versus femininity represents the competitive structure of society. Cultures that are masculine, value achievement, boldness, and nerve. Feminine cultures represent a larger degree of empathy to those in its society where modesty is a norm and caring for those less fortunate is practiced. Equality is a common practice. (Luthans & P.Doh 2012:116-117)

### **Uncertainty Avoidance (UAI)**

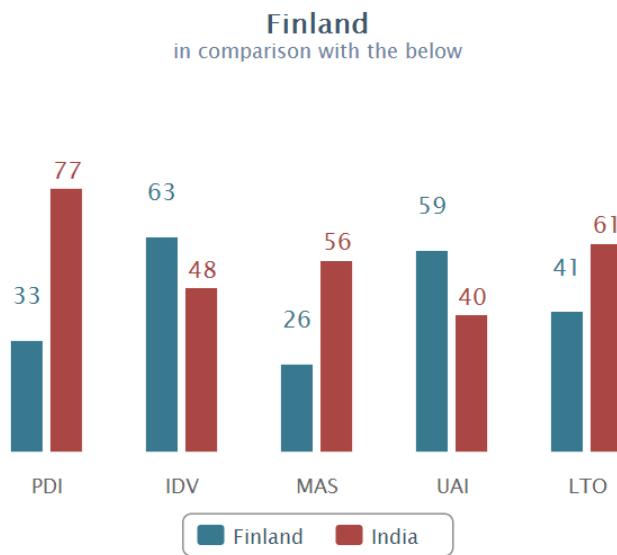
The uncertainty avoidance index relates to the way people act in an uncertain or unknown situation. Countries with a high UAI index are those that avoid or try to minimize ambiguous situations. These are countries or cultures that strictly abide by rules and regulations. Countries with a low UAI index are the opposite in that they do not follow rules so closely and value differences. (Luthans & P.Doh 2012:116-117)

### **Long-term vs. Short-term orientation and Indulgence vs. restraint (LTO)**

Firstly, the fifth dimension is credited to the research of Michael Bond as stated in the literature review section. This dimension attempts to show the extent of which a society signifies a logical 'long-term' future-oriented perspective as opposed to a historical 'short-term' perspective. (Luthans & P.Doh 2012:116-117)

Figure 1.0 indicates the current values of India and Finland applied to Hofstede's cultural dimensions. The significance of the values will be explained in further detail but for now provide an initial indicator to the differences of Finland and India.

Figure 1.0 Cultural Dimensions index of Finland and India.



(<http://geert-hofstede.com/finland.html>)

The index provides a value between 0-100 to the corresponding nation.

## 7 Theory in Practice - Finland and India

Now that the dimensions have been defined we can proceed to apply the theory coupled with the data collected on Finland and India to draw our assumptions. The following section will provide a direct comparison of the two nations going step by step through the cultural dimensions described in the previous section. What these findings actually mean in a practical sense will also be explained in the form of characteristic tips for an international manager as shown in the figures.

### Power Distance (PDI) Finland

Finland has a low power distance index and is characterized by independence where a hierarchy is present predominately for the sake of order and convenience. The decentralized order of power results in management that facilitates the work of employees on an individual level, where communication is direct and informal on most levels.

### Power Distance (PDI) India

India scores very high on the power distance index. This entails a strong appreciation to hierarchy. Much of India's hierarchical structure may trace its origins from religion, in particular Hinduism of which 80.5% of the population practice.<sup>10</sup> It is commonly thought that the Indian caste system comprising of Brahmins (priests), Kshatriyas (rulers, warriors), Vaishyas (merchants), Shudras (artisans) stem from Hinduism, although its origins are less important, rather the effect of the system which has determined the division of labor and wealth by segregating members of its society. It is because of this segregation that it is considered difficult to move upward from a lower caste to the higher levels and defines much of India employment patterns. (Kumar & Sethi 2005: 59) It is also important to be aware of the caste system because of how it can have an effect on the relations of Indian employees to one another. Rajesh Kumar argues that a preferred leadership style in India may also have traditions in the caste system derived from Hinduism. In this he states that the Indian milieu currently respects the hierarchical system and success relies much on the personality of the leader. Because of the respect for hierarchy, a typical behavior observed by many researchers and managers is the existence of a 'yes' culture which has already been mentioned in the thesis, in which yes is used as an acknowledgment rather than a statement of agreement. It is common for a superior not to tolerate criticism of themselves from subordinates. (Kumar & Sethi 2005: 69)

The observations listed are key characteristics that should be incorporated into any managers thought processes. By following these guidelines, chances of creating a synergy in the workforce can in 'theory' be increased significantly. Note that the recommendations have been formulated using observations made from several sources depicting common practices of 'what works' in those cultures. In other words the figure will depict the characteristics of India and Finland and provide direct recommendations to that corresponding dimension.

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<sup>10</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>



Figure 2.0 Power Distance Index










Power Distance Index (PDI)	Characteristics	Recommendations
<b>India</b> <b>value - 77</b>  <b>High Power Distance</b>	 Centralized organisation  Established hierarchies  Considerable gaps in authority, respect	 Recognize the hierarchy and the power of those in higher positions  Decision making comes from the top so this is where communication is focused
<b>Finland</b> <b>value - 33</b> <b>Low Power Distance</b>	 Flat organization  Equality among supervisors and employees - Flat hierarchy and communication	 Utilize teamwork  Involve as many people and as many skill sets into the decision making process

Figure 2.0 adapted from (Trompenaars &amp; Hampden-Turner 1997)

### Individualism vs. Collectivism (IDV)

#### IDV index Finland:

Finland scores high in the IDV-index with a value of 63. The individualistic nature of Finnish culture reflects their propensity to be self-sufficient and encompasses the outlook that one is responsible for oneself and any immediate family members. Professionally, employee relationships with their workplace are purely based on mutual advantage facilitated by a work contract.

## IDV index India

India scores low on the IDV-index with a value of 48. India is traditionally a culture of collectivistic heritage. The individual acts in accordance with the group and towards the greater good of their group. Influence of the individual comes to a great degree from close-knit social groups such as family, friends, neighbors and even co-workers. In the collectivist society, relationships are formed and often translate into work life where many occupations are governed by a system of family relationships and friendships. The family business is very much a common sight in India.<sup>11</sup>

Figure 2.1 IDV-index Finland and India








	Characteristics	Recommendations
<b>High Individualism</b> (Finland value - 63)	 Centralized organisation  Established hierarchies  Considerable gaps in authority, respect	 Recognize individual accomplishments of each employee  Encourage employees to bring forward ideas and thoughts.
<b>Low Individualism</b> (India value - 48)	 Flat organisation  Equality among supervisors and employees - Flat hierarchy and communication	<ul style="list-style-type: none"> <li>• Respect the hierarchy (Age, gender etc.)</li> <li>• Save face and remove emotion from work dealings. (This is a normal observation for most Asian countries, however in Indian society this is generally, untrue as emotions are often expressed and will be further explained with following dimensions.)</li> <li>• Be respectful of traditions and be aware that introducing change must be a drawn out affair.</li> </ul>

Figure 2.1 adapted from (Trompenaars & Hampden-Turner 1997)

<sup>11</sup> <http://geert-hofstede.com/india.html>

## Masculinity vs. Femininity (MAS)

### MAS index Finland:

Finland scores low in the MAS-index with a value of 26 making it a feminine society. Much of the characteristics of Finland show a correlation between the dimensions as within a feminine society, esteemed values such as the quality of life and equality for all are paramount. In terms of the manager, actions must support this balance and thus managers must be engaging and supportive of their colleagues.

### MAS index India:

India scores a high value of 56 in this index making it a very masculine country. As defined earlier the values of a masculine society are of success and the portrayal of that success. The work of an individual is the essence of one's character and any attempt to show one's success is often practiced. This can translate to a very materialistic way of viewing things and are used to validate one's success. However, even though India is largely masculine, the influence of religion and in particular Hinduism has restricted a purely materialistic society and provides a sense of humility. Therefore a sweeping generalisation cannot be made about this dimension, although the data reflects a mainly masculine and materialistic society.

Figure 2.2 (MAS) index for Finland and India








Masculinity vs. Femininity (MAS),	Characteristics	Recommendations
<b>High Masculinity</b> (India value - 56)	 There is a clear distinction of gender roles. Where men are masculine and women are feminine by definition.	 Accept the distinction between gender roles  Emotions should be suppressed and kept separate from decisions.
<b>Low Masculinity</b> (Finland value - 26)	 Gender roles are not defined  Women in high positions are respected and well-regarded	 Do not discriminate between genders  Practice equality in the workplace.

Figure 2.2 adapted from (Trompenaars & Hampden-Turner 1997)

## **Uncertainty Avoidance (UAI)**

### **UAI-index Finland**

Finland scores a value of 59 on this index. This is moderately high and translates to a need in society to maintain a code of rules and regulations. There is a degree of intolerance to unknown situations, which is what the rules attempt to minimize. In Finnish society the rules are in place to maintain precision, time and very importantly money as without rules the foundations of these elements fall apart. Countries with a high UAI index typically have more formal laws and informal rules governing the duties of employees and employers. These are in place to reduce situations of uncertainty. (Hofstede 2005:182)

It is also appropriate to mention my personal experience of uncertainty avoidance. I mentioned previously that my previous observations of dealing with Finnish clients clearly showed a trend of apprehensiveness. Hofstede attributes some characteristics of a high UAI country as containing a sense of ethnic prejudice and xenophobia. (Hofstede 2005:203)

### **UAI-index India**

India score 40 on the UAI index. This is considered a medium to low value and characteristically Indian society is tolerant to uncertain events. Even though the relative values of both countries are at first glance quite close, the traits observed are quite different. Adjustment in Indian society is more accepted, as is a common practice in 'bending of the rules.' In Indian society rules are often broken and justly encouraged and it is this flexibility that surmounts a large difference to Finland.

Figure 2.3 indicates some beneficial managerial practices that should be incorporated to the appropriate index value and country. These recommendations have been formulated and correlated over a number of sources to provide as accurate an approach to the issue as possible.

Figure 2.3 UAI index characteristic and recommendations










Uncertainty Avoidance Index (UAI)	Characteristics	Recommendations
High UAI Finland - 59	 Very formal business practices  Structure is paramount	 Maintain a clear perspective and follow parameters set.  Preparation and planning are key in both communication and work projects.
Low UAI India-40	 Informal business atmosphere  Focus on the long term business strategies than daily operations.  Accepting of risk and change	 Avoid implementing a structure of rules and regulations as far as possible  Minimize emotional reactions and keep a calm demeanor.

Figure 2.3 adapted from (Trompenaars &amp; Hampden-Turner 1997)

### Long-term vs. Short-term orientation (LTO)

#### LTO-index Finland

Finland scores a value of 45 in the LTO index. This low score shows that Finnish society is oriented towards the short-term. This is also a typical characteristic of a western society and was largely conceived because of the dissimilarities in observations of eastern and western society. These societies show a strong inclination to past traditions and a common trait seen in business and other aspects of life is the need to achieve results quickly and a sense of impatience regarding results.

#### LTO-Index India

India scores high in this index with a value of 61. Much of this is attributed to religious doctrines embedded in its society. Indians are pragmatic and oriented towards the long-term. An observation which this dimension supports in convergence with the other

dimensions is the attitude towards time. Indians perceive time as non-linear and must be taking into consideration for the international manager as deadlines are not as closely followed in these cultures as compared to western society.

Figure 2.4 Long-term vs. Short-term orientation (LTO) Characteristics














LTO - Index	Characteristics	Recommendations
High LTO India - 61	 Family is fundamental  Parents and men hold authority over the young and women  Strong work ethic  Emphasis placed on training and education	 Respect traditions  Reward those that are loyal and committed.  <u>Strongly</u> avoid situations that cause someone to lose face  Be aware of time orientation
Low LTO Finland - 45	 Strive for equality  Individualism and self-actualization are pursued.	 Abide by the same rules that you preach  Be respectful  Introduce change decisively

Figure 2.4 adapted from (Trompenaars & Hampden-Turner 1997)

## 8 Trompenaars and Hampden-Turners' seven Cultural Dimensions:

In addition to Hofstede's findings we can analyze the relationships of different people by adopting the five relational orientations developed by Talcott Parsons and implemented on a greater scale by Fons Trompenaars and Charles Hampden-Turner. These dimensions can be considered analogous with Hofstede's research but in totality we are given a greater indication of cultural differences and thus more reliable information. It is also important to note that while Hofstede's research contains data collection from India however Trompenaars' research did not initially include India. (Luthans & Doh:130). With this theoretical framework we will be able to better understand why people act how they act and what implications this may have on your business. It is essential to

see how your culture differs from the one that you are trying to integrate into. Once you can determine your similarities and differences, it should also be possible or more possible to determine your strengths and weaknesses and thus to find a suitable organizational culture. The seven orientations are known as Universalism vs. Particularism, Individualism vs. Collectivism, Neutral vs. Emotional, Specific vs. Diffuse, Achievement vs. Ascription, Sequential vs. Synchronic, and Internal vs. External and their meanings are as follows: (Trompenaars & Hampden-Turner 1997: 8-10)

### **Universalism vs. Particularism:**

Universalism is the view of determining what is right and always conforming to that view. Particularism takes the opposing view which places emphasis on the obligations of friendship or other circumstances. Particularistic cultures are not bound by always doing the right thing and often break societal codes to put friendship first. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Individualism vs. Collectivism**

Individualist cultures are those that regard themselves as individuals first whereas collectivist cultures regard the group as more important and orient their actions towards the group. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Neutral vs. Emotional**

The orientation to how we express emotions with one another. A neutral culture will place importance on their objectives where emotions are detached from business dealings. People in these cultures tend to resemble machines or are compared to them as emotions take attention away from the objective. Emotional cultures represent the opposite where business objectives are a more human matter involving an array of emotions openly. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Specific vs. Diffuse**

Specific refers to a relationship that is recognized on a very impersonal level such as the relationship offered solely by a contract as an example. A diffuse relationship is one

that involves a relationship on a human level where there is a genuine connection between two parties (in a business sense). The diffuse culture prefers a more human relationship and values this over impersonal, logical relationships often seen in North American culture. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Achievement vs. Ascription**

Achievement is very much the literal sense of the word where a culture judges you on your accomplishments. Ascription is a more inherited judgment and can be an attribute which is received by birth, age or gender or your connections. A relevant example of how the two differ is the question of education, where an achievement based culture would ask 'what' someone has studied where an ascription culture would be more interested in where one has studied. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Sequential vs. Synchronic**

The question of whether we focus on one thing at a time or several things at once. This dimension focuses on time and how a culture relates to it. Sequential cultures value punctuality and planning. A very rigid plan in accordance to time is very important. For the synchronic culture, time is flexible and many things can be done at once. (Trompenaars & Hampden-Turner 1997: 8-10)

### **Internal vs. External**

This dimension relates to the view of how people connect to their environment. The internal view expresses that people are in control of their own environment and are able to influence it where the external view believes that the environment affects them and they cannot change it. (Trompenaars & Hampden-Turner 1997: 8-10)

## **9 Cultural Dimensions applied to India and Finland**

Now that we have defined the national cultural dimensions theory, we can apply them to India and Finland in order to gain perspective of cultural norms that have been observed. The following section will provide a description of theory applied to India and Finland, which is based upon the data collected by Fons Trompenaars and Charles Hampden-Turner.



**India****Universalism vs. Particularism****(Particularistic)**

India is considered a strong particularistic society. A Particularistic culture is based on decisions made on the nature of the situation or circumstance. This type of culture is found in the less developed societies, where people tend to give a lot of value to emotional aspects and sometimes may look at each other for decision making. They like to make decisions based on how the situation is, as they feel each situation may require a different perspective.

***Finland*****Universalism vs. Particularism****(Universalistic)**

Finland is considered a strong Universalist country. Rules and regulations are strictly abided by and these rigid practices can be applied to any given situation meaning there is always a right or wrong way or answer.

Figure 3.0 Universalism vs. Particularism dimension table







Universalism vs. Particularism	Characteristics	Recommendations
Universal  Finland	 Society comprised of rules and regulations and strict adherence to them	 Strive towards uniform practices and consistency in these.  Utilize formal ways of managing change
Particularistic	 People hold the belief that each circumstance dictates their lively rules	 Give autonomy to others to make their own decisions  Understand and respect the needs of others while making decisions

Figure 3.0 adapted from (Trompenaars & Hampden Turner 1997:47)

## India

### Individualism vs. Collectivism

### (Collectivistic)

India is considered a moderate to high collectivistic culture with very strong family values. There is a downward flow of communication with strong obedience to seniors. Negotiations in India require trust and thus tend to be slow. Negotiations also require decisions to be made at the highest level. Social hierarchy is present in India community where society's views are regarded first, and then an individualistic perspective is considered. No decision is made without the concerned parties consent.

## Finland

### Individualism vs. Collectivism

### (Individualistic)

Finland is an individualistic society and the characteristics displayed through this are that the responsibility of the individual is first and foremost of their own.

Figure 3.1 Individualism vs. Collectivism table







Individualism vs. Collectivism	Characteristics	Recommendations
Individualism  Finland	 Personal freedom is paramount	 Reward individual performance.  Link peoples individual needs to that of the organization.
Collectivism  India	 The individual is oriented towards the group or community	 Reward group performance  Refrain from publicly praising individual performances so not to cause favoritism

Figure 3.1 adapted from (Trompenaars & Hampden Turner 1997:81)

India

**Specificity vs. Diffuse**

**(Diffuse)**

In India, friendships and cordiality are expected. Relationships extend to social contexts and not only in a defined area. India is a highly diffuse culture. Business relationships require an element of trust which places friendship on a greater level than a business contract.

Finland

**Specificity vs. Diffuse**

**(Specific)**

Finland is considered a highly specific society. One of the key attributes to this in a business context is that there is no pre-requisite for a business relationship. It is primarily fostered by a contract and whatever follows from that contract is second-place, be it friendship or further relations. Specific cultures are the ones where everything is followed under rules and regulations. They do not mend them in regard to situations as far as possible. They are mostly inflexible.

Figure 3.2 Specificity vs. Diffuse table







Specificity vs. Diffuse	Characteristics	Recommendations
Specific  Finland	 Personal life is separated from work-life	 Be direct and focus on objectives  Provide a clear strategy and instructions  Respect the need to separate work from personal life
Diffuse  India	 Relationships are essential to business and kinships offer a grounds for success.	 Focus on building relationships and facilitate this by accepting the interconnectedness of personal life and work.

Figure 3.2 adapted from (Trompenaars & Hampden Turner 1997:189)

## India

### Neutral vs. Emotional

(Emotional)

In emotional cultures, feelings are expressed very openly. This is very true in particular for India to express frustration or joy, especially fulfilling ambitions. (Broaways & Price 2011:83) People are open about their happiness or sadness in a certain situation. They are usually open with one another about their problems and joys and tend to be surrounded by family or friends at most times. They are warm and personal.

## Finland

### Neutral vs. Emotional

(Neutral)

Finland is considered a neutral society in which importance is set on clear objectives where logic dictates over emotions. Emotions are controlled and not often expressed.

Figure 3.3 Affective vs. Neutral table







Emotional vs. Neutral	Characteristics	Recommendations
Neutral Finland	 Emotions are controlled and a logical mindset is kept	 Be direct and to the point  Avoid excessive body language 
Emotional India	 Expressive by nature	 Use emotion to express objectives in attempts to build rapport and gain trust

Figure 3.3 adapted from (Trompenaars & Hampden Turner 1997:189)

## India

### Achievement vs. Ascription

(Ascriptive)

Most Indians value ascription because of their reliance or perhaps influence of the caste system. Professional titles, age, degrees and caste level are indicators of status. Friendship and kinship are more important than expertise.

## Finland

### Achievement vs. Ascription

(Achievement)

Finland is an achievement-based society where status is reflected through ones achievements. Expertise and performance are valued higher than ones inherited traits.

Figure 3.4 Achievement vs. Ascription table





Achievement vs. Ascription	Characteristics	Recommendations
Achievement  Finland	 Status is shown through success and personal achievements	 Again reward personal achievements and appraisals
Ascription  India	 Status is an inherited trait	 Respect the hierarchy at all levels and understand the levels of social hierarchy

Figure 3.4 adapted from (Trompenaars & Hampden Turner 1997:189)

## India

### Sequential vs. Synchronic

(Synchronic)

Indians structure time synchronically and usually do several things at a time. To Indians, time is considered a wide ribbon, allowing many things to take place simultaneously. Time is flexible /intangible and time commitments are desirable rather than absolute. Plans are easily changed and synchronic cultures especially value the satisfactory completion of interactions with others. Promptness and punctuality depends on the

type of relationship.

## Finland

### Sequential vs. Synchronic

(Sequential)

Finland is considered a sequential society where punctuality and adherence to schedules are of utmost importance. Time is inflexible which is why deadlines are so strictly abided by and typically people's main focus is placed on one thing at a time.

Figure 3.5 Sequential vs. Synchronic table






Sequential vs. Synchronic	Characteristics	Recommendations
Sequential Finland	 Time is linear and a strict schedule is important	 Focus on one project at a time whenever possible 
Synchronic	 Time is non-linear and several things at once can be done	 Be flexible in tasks and objectives and stress the importance of time management

Figure 3.5 adapted from: (Trompenaars & Hampden Turner 1997:189)

## India

### Internal vs. External

(External)

Indians generally coincide in an externalist society and generally accommodate behavior to the situation.

## Finland

### Internal vs. External

(Internal)

Finland is considered an internally oriented culture. This holds the belief that they control their environment

Figure 3.6 Internal vs. External table








Internal Vs. External	Characteristics	Recommendations
Internal  Finland	 The environment can be directly affected	 Approach conflict openly. 
External	 The environment cannot be influenced in any way	 Allocate resources and provide an efficient work environment  Manage conflict  Provide direction towards objectives

Figure 3.6 adapted from (Trompenaars &amp; Hampden Turner 1997:189)

## 10 Analysis of Dimensions

The thesis until now has focused largely on theoretical applications of culture of which data has largely been collected through the efforts of Fons Trompenaars and Geert Hofstede. The research encompasses a survey of Hofstede's over 116.000 managers (Luthans & Doh 2012:116) and Trompenaars' 70.000 managers globally<sup>12</sup> which presents the most comprehensive study of the subject.

So what do these findings actually mean?

The topic of culture as previously stated is difficult to quantify, as it is in large part a very subjective matter. In essence the combined cultural dimensions are a heuristic device, meaning they employ experience-based techniques to investigate resemblances between cultures and the dilemmas they face in their organizations. (Browaeys

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[http://managers.emeraldinsight.com/change\\_management/interviews/pdf/trompenaars.pdf](http://managers.emeraldinsight.com/change_management/interviews/pdf/trompenaars.pdf)

& Price 2013:110) Trompenaars' dimensions identify a dilemma within the context of culture in business and attempts to find a solution to that problem. (Browaeys & Price 2013:110) This context of a solution to a problem is solved according to Trompenaars, using the reconciliation method. This model in works in conjunction to Trompenaars cultural dimensions and assumes that there is a cultural dilemma that needs to be addressed. Trompenaars argues that cultures maintain a certain 'integrity', which is difficult to abandon due to differences in culture. This integrity prohibits the assimilation of other cultures. In laments terms it can be phrased as the 'why should I adjust' dilemma. It is the 'reconciliation' of these differences that are key to using the model.<sup>13</sup> The reconciliation model assumes that once one can identify their own cultural predispositions and weigh them against another cultures, it can be possible to reconcile the differences faced. (Browaeys & Price 2013:110)

To analyze the data collected we must look at the characteristics that have been identified. Each cultural dimension identifies a set of traits depending on the values and observations that correspond to that particular country. The thesis has already attempted to show careful considerations to the manager by providing recommendations for corresponding dimensions. There are a multitude of very specific actions shown through the various figures shown previously and therefore it is important to determine a more general course of action. The most obvious observation of all the dimensions combined is that Finland and India are probably as diverse as it comes between nations. These findings suggest that intercultural interaction between both nations would prove very difficult in terms of management.

A common observation that many researchers have agreed upon is that although there are individuals that may act differently from one another in the same culture, it is often true that these individuals still exhibit the foundations of their own culture in any given situation. (Kumar & Sethi 2005:56) It is through this collective thinking in which we can draw our assumptions of a specific culture. To draw any educated recommendations on the subject, we must state that the cultural dimensions of Hofstede and Trompenaars should be examined in its entirety and to reflect on the dimensions to identify a pattern and thus a more comprehensive view of that culture.

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[http://managers.emeraldinsight.com/change\\_management/interviews/pdf/trompenaars.pdf](http://managers.emeraldinsight.com/change_management/interviews/pdf/trompenaars.pdf)



There are common observations that have been seen from Hofstede's dimensions through the managerial viewpoint. The power distance dimension has been based around mostly western principles where these countries qualities lean towards a lower power distance. In these societies a participative management style has deemed more appropriate and suitable for most companies. It is generally accepted that countries such as India with high power distances would prefer a more paternalistic style of people management. (Jackson 2002:31) Participative management is a style of management that encourages workers at all levels to contribute towards any organizational goals that would directly affect them as employees.<sup>14</sup> Paternalistic management relates to the practice of nurturing employees' motivation and social aspects in an almost literal paternal form. Managers act as 'father figures' to their employees.<sup>15</sup>

Individualism is also a common western trait and it is no surprise that individual results-oriented and objectives-oriented management practices are often employed. These incentives may be inappropriate for a collectivist society such as India (Jackson 2002:31)

The dimension of uncertainty avoidance described how cultures related to the unknown, and although Finland has relatively high uncertainty avoidance, a general movement towards less control and regulation is being seen in western management. (Jackson 2002:31) This can perhaps be explained by the prevalence of globalization and may be a means of accepting its effects in being more flexible to change.

How to circumvent the cultural problem? There has been a wide use of cultural seminars and development programs between employees to widen the gap of cultural difference. These programs should be an annual event to receive the most benefit.

An example of cross-cultural management was seen through the collaboration of two car manufacturers; Nissan and Renault. The alliance was fostered through multicultural management in which over 30 teams globally would cooperate in identifying best practices and synergies throughout their massive international workforce. (Luthans & Doh 2012:141) Creative thinking such as this confronts the cultural problem that often exists in international business and practical thinking is a vital skill for any manager.

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<sup>14</sup> <http://www.businessdictionary.com/definition/participative-management.html>

<sup>15</sup> <http://www.ask.com/question/what-is-paternalistic-management-style>

The data collected by Geert Hofstede during his time at IBM serves as a much more suitable indicator of cultural similarities by. Also worthy of note is how culture is largely in focus in the data collection as the variables which arise from company culture can be ignored. A sample study on a smaller scale would only provide a limited view of culture and would not reflect the culture as a majority of that population, which is what the data collection of Hofstede represents (more so).

## **11 Recommendations to the International Manager**

It is believed that the attributes that distinguish national cultures from one another can be used to predict and formulate a suitable organizational and management practice tailored to that culture. (Luthans & Doh 2012:131)

In order for an international manager to succeed in India, it is imperative that they employ cultural adaptability as expressed by Rajesh Kumar (Kumar & Sethi 2005:94) this entails thoughtful adaptation or in other words a demonstration of respect for their Indian colleagues. This adaptation should not only encompass the workplace, but the whole Indian culture in general. In this case, it is assumed that the manager has fully located to the Indian continent such as an expatriate.

The advantage of the cultural dimensions can prove beneficial depending on the reader's competence to apply it. It has the advantage of being applicable to many situations as previously stated, although this is also a factor that makes it a difficult tool in itself without proper interpretation. In addition to this, a common finding through all the combined research indicates that to succeed in the intercultural arena one must exhibit flexibility, sensibility and an orientation towards others. This is outlined in (Dessler 2012:190) as the five most essential aspects to the success of an international assignee. These are; Job knowledge and motivation, relational skills, flexibility/adaptability, extra cultural openness and family situation. The theoretical part of this thesis examined the countries of Finland and India and identified certain practical solutions to the differences claimed by the cultural dimensions. Throughout this thesis it has been expressed that the dimensions should be assumed in their entirety and the main recommendation for an international manager is to make themselves aware of the differences and similarities that are present. This can then be applied to any situation where a cultural problem might arise and the same approach should be considered while managing cross-culturally on a larger scale as emphasised with the Nissan Renault example.

One reflection that can be made and one that is shared by the majority of researchers in the field is that 'one size doesn't fit all' and thus knowledge on the subject is the best approach to tackling the situation

## 12 Conclusion

The assumption that national culture has an effect on organisational behaviour has been the major debate in this thesis. The cultural dimension theories utilized by Hofstede and Trompenaars so far provide the only legitimate and accepted approach to the cultural dilemma. (Browaeys & Price 2013:90) The validity of the dimensions remains to be proven however as pointed out in the thesis, the correlation between the dimensions and culture are ostensive.

One of the key findings through this thesis is that there is no definitive answer that we can give. Since culture is 'invisible', and difficult to quantify, it can be stated that the best solution to the cultural problem is through education and knowledge. It is through knowledge that the international manager can prepare and increase transparency. Knowing of cultural practices and norms can definitely ease interaction and communication by minimizing the unknown. It is important to remove whatever preconceived notions one might have about a culture and actually research it to remove feelings of xenophobia.

How we interpret theoretical applications of culture and apply them into a business setting is essential in providing recommendations for the international manager. The thesis is the collection of the most prominent empirical data gathered by leading experts on the subject, which has been analyzed and resulted in the formulation of the guide. However there is truth in much of the findings and if applied subjectively to a management situation, the guide can offer beneficial aspects on creating synergy within the workplace.

The application of this guide is based on the assumption that the Finnish manager will take the necessary steps in implementing a strategy to foster an adhesive relationship with its Indian counterpart. How this is implemented is subject to many variables which will only be able to consider when those specific variables are encountered.

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## 14 Appendix

Appendix 1 – Example questionnaire by Geerd Hofstede

### INTERNATIONAL QUESTIONNAIRE (VSM 08)- page 1

Please think of an ideal job, disregarding your present job, if you have one. In choosing an ideal job, how important would it be to you to ... (please circle one answer in each line across):

- 1 = of utmost importance
- 2 = very important
- 3 = of moderate importance
- 4 = of little importance
- 5 = of very little or no importance

01. have sufficient time for your personal or home life	1	2	3	4	5
02. have a boss (direct superior) you can respect	1	2	3	4	5
03. get recognition for good performance	1	2	3	4	5
04. have security of employment	1	2	3	4	5
05. have pleasant people to work with	1	2	3	4	5
06. do work that is interesting	1	2	3	4	5
07. be consulted by your boss in decisions involving your work	1	2	3	4	5
08. live in a desirable area	1	2	3	4	5
09. have a job respected by your family and friends	1	2	3	4	5

## INTERNATIONAL QUESTIONNAIRE (VSM 08) – page 2

15. If there is something expensive you really want to buy but you do not have enough money, what do you do?
1. always save before buying
  2. usually save first
  3. sometimes save, sometimes borrow to buy
  4. usually borrow and pay off later
  5. always buy now, pay off later
16. How often do you feel nervous or tense?
1. always
  2. usually
  3. sometimes
  4. seldom
  5. never
17. Are you a happy person ?
1. always
  2. usually
  3. sometimes
  4. seldom
  5. never
18. Are you the same person at work (or at school if you're a student) and at home?
1. quite the same
  2. mostly the same
  3. don't know
  4. mostly different
  5. quite different
19. Do other people or circumstances ever prevent you from doing what you really want to?
1. yes, always
  2. yes, usually
  3. sometimes
  4. no, seldom
  5. no, never
- 20 . All in all, how would you describe your state of health these days?
1. very good
  2. good
  3. fair
  4. poor
  5. very poor
21. How important is religion in your life ?
1. of utmost importance
  2. very important
  3. of moderate importance
  4. of little importance
  5. of no importance

